

Decision

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of STAR & CRESCENT BOAT COMPANY, a California corporation, doing business as FLAGSHIP CRUISES AND EVENTS (VCC-63), For Authorization For a Passenger Fare Increase on Its Vessel Common Carrier Services on San Diego Bay Between the City of Coronado and the City of San Diego

Application 14-08-024
(Filed August 29, 2014)

D E C I S I O N G R A N T I N G A P P L I C A T I O N

Summary

This decision grants the application of Star and Crescent Boat Company, a California Corporation, doing business as Flagship Cruises and Events, seeking authorization for a passenger fare increase on its vessel common carrier service on San Diego Bay between the City of Coronado and the City of San Diego. The immediate effect will be an increase in one-way of \$1.25.

Discussion

Star and Crescent Boat Company (Applicant) is a vessel common carrier (VCC) authorized to transport passengers and their baggage, including bicycles, from the Ferry Landing Market Place near the intersection of First Street and B Avenue in the City of Coronado to and from certain points in the City of San Diego. Applicant has been providing vessel common carrier service continuously since July 1987.

Applicant was last given specific authorization to increase fares in 2010 by Decision (D.) 10-05-041. The current one way (base) fare is \$3.50 for Adults.¹ The application requests authority to increase the base fare for Adults by \$1.25 from \$3.50 to \$4.75. The following table shows the currently authorized and proposed fares:

Category of Fare	Current Base Fare	Proposed Base Fare
Adults	\$3.50	\$4.75

Upon authorization of the Proposed Base Fares indicated above, Applicant plans to reduce its current fuel surcharge of \$.75 over the base fare down to zero, in order to retain the potential for increasing fares and revenue in the event that future fuel costs are high. As an incentive to promote the use of bicycles instead of vehicles, Applicant has suspended the additional charge of \$.50 for carrying bicycles.

Applicant indicates that the increases are necessary to stem the significant losses it has incurred in recent years and to earn a reasonable rate of return on its investment in the vessel service. Applicant experienced net revenue loss of \$2,925 in 2013 which represents an operating ratio of 1.01%. Applicant has prepared a summarized data (Appendix C) comparing 2013 from 2012, showing substantial higher costs for maintenance of vessels and other property with 30% increment from \$358,890 to \$469,517. Applicant experienced significant higher

¹ These fares are exclusive of any surcharge imposed under the temporary authority the Commission granted to all VCCs to adjust their fares up to 20% to offset higher fuel costs. That authority was extended by Resolution TL-19115 to December 16, 2015, unless earlier modified or canceled by the Commission.

costs for terminal expenses with an increase of 65.7% from \$209,425 to \$347,018. Applicant states that its Insurance costs increased by 26.9% from \$169,832 in 2012 to \$215,547 in 2013. Applicant experienced significant salary increase of 28% in general office expenses, additional costs for marketing and advertising from \$279,091 to \$358,201.

Applicant projects an increase in its operating expenses in 2014 than in 2013. There is a projected increment in the cost of maintenance of vessels of \$6,479, from \$469,517 in 2013 to \$475,996, representing 1.4% annual increase. There is a 4.7% projected annual increase of \$38,440 in the cost of vessel operations from \$819,034 in 2013 to \$857,474. Terminal expenses are projected to increase by 3.4%, \$11,628 more, from the \$347,018 in 2013 to \$358,646. Applicant projects a 7% annual increase in employee salaries of \$11,038 from \$156,725 in 2013 to \$167,763. Increase office expenses are projected to rise by 10%, \$35,820 more from \$358,201 in 2013 to \$394,021. The expenses from Insurance are projected to rise by 10%, \$21,555 increase from \$215,547 in 2013 to \$237,102. Applicant states that the proposed rates makes for an economic sustainable operation necessary to meet rising expenses of operating the service. Applicant states that this level of profit will offer the opportunity for a minimally adequate rate of return on Applicant's investment in the ferry passenger service.

Applicant states that the service will be in serious jeopardy if the requested increases are not granted. The requested rate increases are comparable to the increments of fare increase that the Commission approved for Applicant in 1988, 1991, 2005, 2008 and 2010.

We find that Applicant's request is justified. The application will be granted effective immediately.

Notice of filing of the application appeared in the Commission's Daily Calendar on September 4, 2014. Applicant served a copy of the application on

the Cities of Coronado and San Diego, the City Attorney Offices in San Diego and Coronado, and the Port of San Diego.

In Resolution ALJ 176-3342 dated September 11, 2014; the Commission preliminarily categorized this application as resetting, and preliminarily determined that hearings were not necessary. No protest has been received. Given this status, it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-3342.

It can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment because granting the fare increase does not change the service.

Safety Considerations

In order to be authorized to commence operations as a VCC, the Applicant must comply with the following requirement in order to protect public safety: Proof of insurance per General Order Series 111.

Assignment of Proceeding

Denise Y. Tyrrell is the assigned Examiner in this proceeding.

Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

Findings of Fact

1. Applicant is authorized to operate as a VCC to transport passengers and their baggage, including bicycles, from the Ferry Landing Market Place near the intersection of First Street and B Avenue in the City of Coronado to and from certain points in the City of San Diego; at the foot of Broadway and at the Fifth avenue Landing adjacent to the San Diego Convention Center.

2. Applicant's current fares were established in 2010 as authorized by D.10-05-041.

3. The application requests authority under Pub. Util. Code §§ 454 and 491 to increase round-trip fares from \$3.50 to \$4.75 for Adults.

4. Applicant has experienced increased costs of operations since its last fare increase in 2010

5. Applicant experienced losses in 2013.

6. The proposed increased fares are reasonable.

7. No protest to the application has been filed.

8. A public hearing is not necessary.

9. A California Environmental Quality Act review is not required for this decision because it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse effect on the environment because granting the fare increase does not change the service.

Conclusions of Law

1. The application should be granted.

2. Because the matter is uncontested, the decision should be effective on the date it is signed.

O R D E R

IT IS ORDERED that:

1. Star and Crescent Boat Company, a California Corporation, doing business as Flagship Cruises and Events is authorized to establish the increased fares proposed in the application.

2. To implement the increases authorized in this order, Star and Crescent Boat Company shall, on or after the effective date of this order, file revised tariff pages in accordance with General Order 117-Series. The revised pages and the

fares listed in them shall be made effective no earlier than 10 days after the date of filing.

3. Star and Crescent Boat Company shall inform the public of the increased fares and their effective date by posting notice in its terminals and vessels. Such notice shall be posted at least ten days before the effective date of the fare changes and shall remain posted for at least 30 days.

4. This authority shall expire unless exercised within 90 days after the effective date of this order.

5. The Application is granted as set forth above.

6. This proceeding is closed.

This order is effective today.

Dated March 26, 2015, at San Francisco, California.